

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4950
ANSWERED ON:25.08.2000
DUTY EXEMPTION ENTITLEMENT CERTIFICATE SCHEME
RAGHUNATH JHA

Will the Minister of FINANCE be pleased to state:

- (a) Whether the government have lost Rs.39000 crore under Duty Exemption Entitlement Certificate Scheme between 1990 to 1995.
- (b) If so, the reasons for irregularities not being noticed and the nature of those irregularities;
- (c) Whether there is any proposal to get those irregularities enquired into by CBI;
- (d) if not, the reasons therefor; and
- (e) the steps taken against the guilty officials ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIV. DHANANJAYA KUMAR)

(a) & (b) No, Sir. During the years 1990-1995, 5453 cases of irregularities involving revenue of Rs.1426crores were detected under DEEC Scheme. The nature of irregularities was as follows :

- (i) Availment of MODVAT benefit in addition to benefit of customs duty exemption.
- (ii) Forgery of Advance Licences.
- (iii) Bogus/junk exports to show discharge of export obligation.
- (iv) Mis-declaration/over valuation of export goods so as to show discharge of export obligation.
- (v) Non-fulfilment of specified export obligation.
- (vi) Under-valuation of import goods so as to import larger quantity under value Based Advance License Scheme.
- (vii) Diversion/sale of imported goods in domestic market.

(c) & (d) All cases of such irregularities are dealt with under the provisions of Customs Act which provide for confiscation of goods, imposition of fines & penalties and also prosecutions. In addition, detention under Conservation of Foreign Exchange & Prevention of Smuggling Act (COFEPOSA) is also resorted to. Penal proceedings under Foreign Trade (Development & Regulation) Act, 1991 are also initiated separately by DGFT authorities. In appropriate cases, CBI also takes up investigation.

(e) Departmental proceedings against delinquent officials have been initiated and one of the officers was also detained under COFEPOSA ACT.